

Message Text

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PAGE 01 STATE 142613

62

ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 L-03 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00 H-02

(ISO) R

DRAFTED BY ARA:NC:TWS ON ANDRES

APPROVED BY ARA:EP - MR. KING

EB/GCP - MR. GLITMAN (INFO)

ARA - DR. FISHLOW (INFO)

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R 181446Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

AMEMBASSY QUITO

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E.O. 11652: GDS

TAGS: ETRD, VE, EC

SUBJECT: ECUADOREAN AND VENEZUELAN AMBASSADORS INQUIRE
ABOUT PROSPECTS OF MODIFICATIONS TO TRADE ACT

1. ECUADOREAN AMBASSADOR JOSE CARDENAS AND VENEZUELAN
AMBASSADOR MIGUEL ANGEL BURELLI RIVAS CALLED ON ARA
ASSISTANT SECRETARY ROGERS ON JUNE 13 TO DISCUSS TRADE ACT
MODIFICATIONS. ALSO ATTENDING MEETING WERE ARA DEPUTY
ASSISTANT SECRETARY FISHLOW, DIRECTOR OF THE EB OFFICE OF
INTERNATIONAL TRADE, GLITMAN, DIRECTOR OF THE OFFICE OF
ECUADOREAN-PERUVIAN AFFAIRS KING, AND VENEZUELAN DESK
OFFICER SONANDRES.

2. AMBASSADOR CARDENAS EXPLAINED THAT THEY HAD ASKED TO
SEE THE ARA ASSISTANT SECRETARY TO OBTAIN A PERSONAL
REPORT ON THE CURRENT STATUS AND FUTURE PROSPECTS OF CHANGES
TO THE TRADE ACT AND TO LEARN QUOTE WHERE WE GO FROM HERE
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PAGE 02 STATE 142613

UNQUOTE.

3. THE ASSISTANT SECRETARY RESPONDED THAT THE FORD ADMINISTRATION REMAINS DEDICATED TO HAVING A MODIFICATION PASS THE CONGRESS. AS MR. ROGERS SAID TO THE ECUADOREAN AND VENEZUELAN PRESIDENTS EARLIER THIS YEAR, WE WANT A MODIFICATION OUT BEFORE THE GSP GOES INTO EFFECT, THE

TARGET DATE WHICH IS NOW NOVEMBER 1. MR. ROGERS NOTED THAT OUR APPROACH TO THE CONGRESS HAS BEEN THAT THE GSP ROUTE IS NOT THE WAY TO HANDLE ENERGY PROBLEMS. HE STATED THAT THE KEY QUESTION NOW WAS WHETHER OR NOT CONGRESSMAN GREEN'S HOUSE SUBCOMMITTEE ON TRADE, WHICH RECENTLY INITIATED HEARINGS ON THE GREEN AMENDMENT MODIFYING LEGISLATION, WOULD REPORT A BILL OUT TO ITS PARENT WAYS AND MEANS COMMITTEE. THE ASSISTANT SECRETARY SAID THAT HE PLANNED TO DISCUSS THE MATTER WITH SUBCOMMITTEE MEMBERS NEXT WEEK (I.E., WEEK OF JUNE 16).

4. DEPARTMENT OFFICIALS INFORMED THE AMBASSADORS OF SUBCOMMITTEE MEMBERS' OBJECTIONS -- GRANTING GSP TO COUNTRIES WHICH HAVE QUADRUPLED OIL PRICES, SEIZED OUR FISHING BOATS AS IN THE CASE OF ECUADOR, AND HAVE HIGH PER CAPITA INCOMES SUCH AS VENEZUELA. IN ADDITION, THE AMBASSADORS WERE TOLD THAT THE INITIATION OF HEARINGS WAS ADVERSELY AFFECTED BY THE LIBREVILLE OPEC ANNOUNCEMENT OF AN AUTUMN PRICE INCREASE, AND BY THE HOUSE WAYS AND MEANS PROTRACTED HEARINGS ON ENERGY WHICH WENT ON UNTIL 4 A.M. ON THE FIRST DAY OF THE TRADE SUBCOMMITTEE SESSIONS.

5. THE ECUADOREAN AMBASSADOR NOTED THAT HE HAD REVIEWED ECUADOR'S POSITION ON THE ACT AT LENGTH WITH SENATOR LONG, CONGRESSMEN ARCHER AND GREEN AND OTHERS. AMBASSADOR CARDENAS POINTED OUT THAT ECUADOR HAD LOWERED ITS IMPORT DUTIES AND, BECAUSE OF HIS COUNTRY'S INDUSTRIALIZATION PROGRAM, HAD SHARPLY INCREASED US IMPORTS; THAT THE INTENT OF THE ACT WAS TO PROMOTE DEVELOPMENT; THAT ECUADOR WAS BEGINNING TO SUFFER SALES DECLINES IN THE US FOR WHICH HE BLAMED THE ACT; AND THAT ECUADOR DURING WWII HAD SACRIFICED MILLIONS OF DOLLARS BY ACCEPTING COMMODITY

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PAGE 03 STATE 142613

PRICE CEILINGS BECAUSE OF THE WAR EFFORT. THE AMBASSADOR ADVOCATED A NEW US ADMINISTRATION CONGRESSIONAL INITIATIVE.

7. DEPARTMENT OFFICIALS SAID THAT ECUADOR'S POSITION HAD BEEN LARGEY PRESENTED TO THE SUBCOMMITTEE, AND THAT THE CURRENT CONGRESSIONAL CLIMATE WOULD MAKE PASSAGE OF THE GREEN AMENDMENT DIFFICULT. IT WAS NOTED, IN PASSING, THAT THE US RECESSION WAS CAUSING A GENERAL DECLINE IN

SALES. HOWEVER, THE AMBASSADORS WERE TOLD THAT THE ADMINISTRATION HAS HAD AND WOULD CONTINUE TO HAVE INTENSIFIED CONSULTATIONS WITH SUBCOMMITTEE MEMBERS. ALL AGREED TO STAY IN TOUCH.

8. COMMENT: GOV AND GOE COMBINED APPROACH WAS LOW KEY AND CONSTRUCTIVE. THE RESTRAINT SHOWN LATELY BY THE TWO

COUNTRIES HAS BEEN HELPFUL IN THE VIABILITY OF THE GREEN AMENDMENT, BUT THEIR PATIENCE WILL NOT BE INDEFINITE. KISSINGER

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, POLICIES, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JUN 1975
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE142613
Document Source: CORE
Document Unique ID: 00
Drafter: NC:TWS0NANDRES
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750213-0502
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750638/aaaabier.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 25 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 AUG 2003 by ElyME>; APPROVED <10 DEC 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ECUADOREAN AND VENEZUELAN AMBASSADORS INQUIRE ABOUT PROSPECTS OF MODIFICATIONS TO TRADE ACT
TAGS: ETRD, VE, EC, US, (CARDENAS, JOSE), (BURELLI RIVAS, MIGUEL ANGEL), (ROGERS)
To: CARACAS QUITO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006